Annual Financial Report
June 30, 2019

Conejo Valley Unified School District

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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CONEJO VALLEY UNIFIED SCHOOL DISTRICT

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Financial Section

INDEPENDENT AUDITOR'S REPORT

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Valley Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 70, schedule of changes in the District's Total OPEB liability and related ratios on page 71, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 72, schedule of the District's proportionate share of the net pension liability on page 73, and the schedule of District contributions on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conejo Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the Conejo Valley Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Conejo Valley Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejo Valley Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2019

Mark W. McLaughlin, Ed.D.
Superintendent

Victor P. Hayek, Ed.D.
Deputy Superintendent

This section of Conejo Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Conejo Valley Unified School District.

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REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results.* Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

***Governmental Activities* -** The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities and scholarships. The District's fiduciary activities are reported in the *Fiduciary Funds - Statements of Net Position* and *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was ($66,799,186) for the fiscal year ended June 30, 2019. Of this amount, ($155,883,735) was unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	$ 112,049,588	$ 124,888,406
Capital assets	135,784,525	126,181,453
Total Assets	247,834,113	251,069,859
Deferred Outflows of Resources	62,217,473	63,156,685
Liabilities		
Current liabilities	16,470,910	17,416,251
Long-term obligations	133,990,204	139,189,865
Aggregate net pension liability	206,946,545	198,621,405
Total Liabilities	357,407,659	355,227,521
Deferred Inflows of Resources	19,443,113	21,350,357
Net Position		
Net investment in capital assets	64,370,542	66,883,926
Restricted	24,714,007	20,101,536
Unrestricted (Deficit)	(155,883,735)	(149,336,796)
Total Net Position	$ (66,799,186)	$ (62,351,334)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	$ 2,376,772	$ 2,464,281
Operating grants and contributions	24,977,585	23,218,483
General revenues:		
Federal and State aid not restricted	60,129,883	56,306,359
Property taxes	118,698,756	113,530,269
Other general revenues	31,462,814	33,068,235
Total Revenues	237,645,810	228,587,627
Expenses		
Instruction-related	172,022,465	172,088,853
Pupil services	18,939,117	17,669,070
General administration	11,058,096	9,637,423
Maintenance and operations	24,580,569	24,295,684
Other	15,493,415	13,843,417
Total Expenses	242,093,662	237,534,447
Change in Net Position	$ (4,447,852)	$ (8,946,820)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $242,093,662. However, the amount that our taxpayers ultimately financed for these activities through local taxes was $118,698,756 because the cost was paid by those who benefited from the programs ($2,376,772) or by other governments and organizations who subsidized certain programs with grants and contributions ($24,977,585). We paid for the remaining "public benefit" portion of our governmental activities with $91,592,697 in Federal and State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	$ 148,317,316	$ 149,285,045	$ 131,781,928	$ 134,077,909
Instruction-related activities	23,705,149	22,803,808	22,382,198	21,481,085
Pupil services	18,939,117	17,669,070	13,068,801	11,919,938
General administration	11,058,096	9,637,423	10,687,577	9,339,728
Maintenance and operations	24,580,569	24,295,684	24,143,418	23,838,133
Other	15,493,415	13,843,417	12,675,383	11,194,890
Total	$ 242,093,662	$ 237,534,447	$ 214,739,305	$ 211,851,683

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $81,977,287, which is a decrease of $16,311,804 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	$ 25,281,180	$ 213,825,401	$ 211,040,266	$ 28,066,315
Building Fund	49,326,219	915,237	20,882,830	29,358,626
Bond Interest and Redemption Fund	14,109,597	7,707,957	8,906,902	12,910,652
Non-Major Governmental Funds	9,572,095	19,018,340	16,948,741	11,641,694
Total	$ 98,289,091	$ 241,466,935	$ 257,778,739	$ 81,977,287

The primary reasons for these increases/decreases are:

a. The General Fund is the District's principal operating fund. The fund balance in the General Fund increased by $2,785,135. This can be attributed to unspent program allocations, AB602 and interest revenue.

b. The Building Fund balance decrease by $19,967,593 from $49,326,219 to $29,358,626. This decrease can be attributed to continuing construction and modernization projects.

c. The Workers' Compensation and Health and Welfare Internal Service Fund balance increased by $5,379,006 from $4,132,230 to $9,511,236 due to the decrease in overall claim costs.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 19, 2019. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 70.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $135,784,525 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $9,603,072, or 7.61 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land and construction in progress	$ 40,454,383	$ 36,840,274
Buildings and improvements	91,163,095	85,745,565
Equipment	4,167,047	3,595,614
Total	$ 135,784,525	$ 126,181,453

Long-Term Obligations

At the end of this year, the District had $133,990,204 in long-term obligations outstanding versus $139,189,865 last year, a decrease of $5,199,661. Long-term obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds (financed with property taxes)	$ 99,873,472	$ 105,421,768
Premium on issuance	6,238,330	6,934,467
Compensated absences (vacations)	705,267	667,384
Claims liabilities (IBNR)	5,226,531	5,291,084
Net other postemployment benefits (OPEB) liabilities	21,946,604	20,875,162
Total	$ 133,990,204	$ 139,189,865

Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of $206,946,545 versus $198,621,405 last year, an increase of $8,325,140, or 4 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the Board of Education and management used the following criteria:

1. State Funding Model – Local Control Funding Formula.
2. Decline in District enrollment.
3. Increase employee retirement program contribution rates, CalSTRS and CalPERS.

District Staffing and enrollment forecasts:

	Staffing Ratio
Grades kindergarten through third	21.5:1
Grades four through eight	30:1
Grades nine through twelve	30:1
Special Education (SDC)	12:1
Independent Study	10:1
Total	

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Deputy Superintendent of Business Services at Conejo Valley Unified School District, 750 Mitchell Rd., Newbury Park, California, 91320, or call 805-497-9511.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 101,033,085
Receivables	10,550,928
Prepaid expenditures	173,382
Stores inventories	292,193
Capital assets	
Land and construction in progress	40,454,383
Other capital assets	244,247,618
Less: Accumulated depreciation	(148,917,476)
Capital Assets, Net of Accumulated Depreciation	135,784,525
Total Assets	247,834,113
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	61,770,906
Deferred outflows of resources related to postemployment benefits other than pensions	446,567
Total Deferred Outflows of Resources	62,217,473
LIABILITIES	
Accounts payable	11,621,876
Interest payable	1,136,376
Unearned revenue	1,487,156
Claims liabilities	2,225,502
Current portion of long-term obligations other than pensions	7,335,000
Noncurrent portion of long-term obligations other than pensions	126,655,204
Total Long-Term Obligations	133,990,204
Aggregate net pension liability	206,946,545
Total Liabilities	357,407,659
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	19,342,589
Deferred inflows of resources related to postemployment benefits other than pensions	100,524
Total Deferred Inflows of Resources	19,443,113
NET POSITION	
Net investment in capital assets	64,370,542
Restricted for:	
Debt service	11,774,276
Capital projects	1,652,853
Educational programs	1,017,093
Other activities	10,269,785
Unrestricted (Deficit)	(155,883,735)
Total Net Position	$ (66,799,186)

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
Instruction	$ 148,317,316	$ 218,681	$ 16,316,707	$ (131,781,928)
Instruction-related activities:				
Supervision of instruction	4,521,454	140	695,985	(3,825,329)
Instructional library, media, and technology	1,642,432	586	2,156	(1,639,690)
School site administration	17,541,263	3,603	620,481	(16,917,179)
Pupil services:				
Home-to-school transportation	2,008,181	-	-	(2,008,181)
Food services	4,856,389	1,786,618	2,529,091	(540,680)
All other pupil services	12,074,547	1,059	1,553,548	(10,519,940)
Administration:				
Data processing	3,160,727	-	-	(3,160,727)
All other administration	7,897,369	4,137	366,382	(7,526,850)
Plant services	24,580,569	66,160	370,991	(24,143,418)
Ancillary services	2,805,548	-	-	(2,805,548)
Community services	1,170,779	30,920	113,749	(1,026,110)
Enterprise services	5,911,440	-	695,178	(5,216,262)
Interest on long-term obligations	3,558,595	-	-	(3,558,595)
Other outgo	2,047,053	264,868	1,713,317	(68,868)
Total Governmental Activities	$ 242,093,662	$ 2,376,772	$ 24,977,585	(214,739,305)

General Revenues and Subventions:	
Property taxes, levied for general purposes	109,748,980
Property taxes, levied for debt service	7,465,695
Taxes levied for other specific purposes	1,484,081
Federal and State aid not restricted to specific purp	60,129,883
Interest and investment earnings	1,726,222
Interagency revenues	133,144
Miscellaneous	29,603,448
Subtotal, General Revenues	210,291,453
Change in Net Position	(4,447,852)
Net Position - Beginning	(62,351,334)
Net Position - Ending	$ (66,799,186)

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
ASSETS			
Deposits and investments	$ 29,521,196	$ 30,745,180	$ 12,803,701
Receivables	7,743,837	327,835	106,951
Due from other funds	930,305	-	-
Prepaid expenditures	30,346	-	-
Stores inventories	155,414	-	-
Total Assets	$ 38,381,098	$ 31,073,015	$ 12,910,652
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 9,079,706	$ 1,714,326	$ -
Due to other funds	364,252	63	-
Unearned revenue	870,825	-	-
Total Liabilities	10,314,783	1,714,389	-
Fund Balances:			
Nonspendable	226,060	-	-
Restricted	1,017,093	29,358,626	12,910,652
Committed	3,000,000	-	-
Assigned	-	-	-
Unassigned	23,823,162	-	-
Total Fund Balances	28,066,315	29,358,626	12,910,652
Total Liabilities and Fund Balances	$ 38,381,098	$ 31,073,015	$ 12,910,652

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
$ 11,328,148	$ 84,398,225
1,953,651	10,132,274
356,624	1,286,929
5,797	36,143
136,779	292,193
$ 13,780,999	$ 96,145,764
$ 644,842	$ 11,438,874
922,412	1,286,727
572,051	1,442,876
2,139,305	14,168,477
142,576	368,636
2,411,402	45,697,773
1,684,172	4,684,172
7,403,544	7,403,544
-	23,823,162
11,641,694	81,977,287
$ 13,780,999	$ 96,145,764

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds		**$ 81,977,287**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	$ 284,702,001	
Accumulated depreciation is:	(148,917,476)	
Net Capital Assets		135,784,525
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(1,136,376)
An internal service fund is used by the District's management to charge the costs of the workers' compensation and health and welfare insurance programs to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		9,511,236
Deferred outflows of resources related to pensions represent a consumpion of net position in a future period and is not reported in the District's funds.		
Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	19,957,900	
Net change in proportionate share of net pension liability	8,226,290	
Difference between projected and actual earning on pension plan investments	430,552	
Differences between expected and actual experience in the measurement of the total pension liability	3,920,127	
Changes of assumptions	29,236,037	
Total Deferred Outflows of Resources Related to Pensions		61,770,906

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2019

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds.		
Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(11,151,564)	
Difference between expected and actual experience in the measurement of the total pension liability	(2,243,541)	
Difference between projected and actual earning on pension plan investments	(5,947,484)	
Total Deferred Inflows of Resources Related to Pensions		$ (19,342,589)
Deferred inflows of resources related to OPEB represent a acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions.		(100,524)
Deferred outflows of resources related to OPEB represents a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of changes of assumptions.		446,567
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(206,946,545)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds payable	$ (94,534,279)	
Premium on Issuance	(6,238,330)	
Compensated absences (vacations)	(705,267)	
Net other postemployment benefits (OPEB) liability	(21,946,604)	
In addition, the District previously issued "capital appreciation" general obligation bonds. The cumulative capital accretion on the general obligation bonds is:	(5,339,193)	
Total Long-Term Obligations		(128,763,673)
Total Net Position - Governmental Activities		$ (66,799,186)

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund
REVENUES			
Local Control Funding Formula	$ 162,276,264	$ -	$ -
Federal sources	5,909,816	-	-
Other State sources	27,850,045	-	42,163
Other local sources	17,789,276	915,237	7,665,794
Total Revenues	213,825,401	915,237	7,707,957
EXPENDITURES			
Current			
Instruction	138,562,326	-	-
Instruction-related activities:			
Supervision of instruction	4,536,881	-	-
Instructional library, media, and technology	1,629,088	-	-
School site administration	16,831,684	-	-
Pupil services:			
Home-to-school transportation	2,005,464	-	-
Food services	72,904	-	-
All other pupil services	12,054,115	-	-
Administration:			
Data processing	2,946,634	-	-
All other administration	7,001,736	-	-
Plant services	18,508,184	2,213,823	-
Facility acquisition and construction	1,287,368	18,669,007	-
Ancillary services	2,860,621	-	-
Community services	119,648	-	-
Other outgo	2,047,053	-	-
Enterprise services	205,239	-	-
Debt service			
Principal	-	-	7,155,000
Interest and other	-	-	1,751,902
Total Expenditures	210,668,945	20,882,830	8,906,902
Excess (Deficiency) of Revenues Over Expenditures	3,156,456	(19,967,593)	(1,198,945)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(371,321)	-	-
Net Financing Sources (Uses)	(371,321)	-	-
NET CHANGE IN FUND BALANCES	2,785,135	(19,967,593)	(1,198,945)
Fund Balances - Beginning	25,281,180	49,326,219	14,109,597
Fund Balances - Ending	$ 28,066,315	$ 29,358,626	$ 12,910,652

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 162,276,264
2,447,132	8,356,948
2,285,949	30,178,157
13,913,938	40,284,245
18,647,019	241,095,614
2,538,425	141,100,751
-	4,536,881
-	1,629,088
632,136	17,463,820
-	2,005,464
4,740,123	4,813,027
46,464	12,100,579
-	2,946,634
661,573	7,663,309
240,553	20,962,560
1,399,528	21,355,903
-	2,860,621
1,039,775	1,159,423
-	2,047,053
5,650,164	5,855,403
-	7,155,000
-	1,751,902
16,948,741	257,407,418
1,698,278	(16,311,804)
371,321	371,321
-	(371,321)
371,321	-
2,069,599	(16,311,804)
9,572,095	98,289,091
$ 11,641,694	$ 81,977,287

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		**$ (16,311,804)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation in the period.		
Capital outlays	$ 18,124,852	
Depreciation expense	(8,496,621)	
Net Expense Adjustment		9,628,231
Loss on disposal of capital assets is reported in the government-wide statement of net assets, but is not recorded in the governmental funds.		(25,159)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation used was less than the amounts earned by $37,883.		(37,883)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(7,828,806)
Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		7,155,000

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of debt premium		696,137
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows and net OPEB liability during the year.		(599,744)
The accretion of interest on capital appreciation bonds is not recognized in the governmental funds, but it increases long-term obligations in the Statement of Net Position and increases interest expense in the Statement of Activities.		(1,606,704)
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		(896,126)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		257,974
An internal service fund is used by the District's management to charge the costs of the health and welfare insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		5,121,032
Change in Net Position of Governmental Activities	$	(4,447,852)

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Deposits and investments	$ 7,540,684	$ 9,094,176	$ 16,634,860
Receivables	71,396	347,258	418,654
Due from other funds	9,931	973	10,904
Prepaid expenses	137,239	-	137,239
Total Current Assets	7,759,250	9,442,407	17,201,657
LIABILITIES			
Current Liabilities			
Accounts payable	14,108	168,894	183,002
Due to other funds	7,952	3,154	11,106
Unearned revenue	-	44,280	44,280
Current portion of claims liabilities	1,611,585	613,917	2,225,502
Total Current Liabilities	1,633,645	830,245	2,463,890
Noncurrent Liabilities			
Claims liabilities	3,794,059	1,432,472	5,226,531
NET POSITION			
Restricted	$ 2,331,546	$ 7,179,690	$ 9,511,236

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities		
	Workers' Compensation Internal Service Fund	Health and Welfare Internal Service Fund	Total Internal Service Funds
OPERATING REVENUES			
Local and intermediate sources	$ 2,236,017	$ 27,962,222	$ 30,198,239
Total Operating Revenues	2,236,017	27,962,222	30,198,239
OPERATING EXPENSES			
Payroll costs	112,323	220,509	332,832
Supplies and materials	4,805	11,458	16,263
Services and other	164,654	3,643	168,297
Professional and contract services	1,866,364	22,695,548	24,561,912
Total Operating Expenses	2,148,146	22,931,158	25,079,304
Operating Income (Loss)	87,871	5,031,064	5,118,935
NONOPERATING REVENUES			
Interest income	170,103	89,968	260,071
Change in Net Position (Deficit)	257,974	5,121,032	5,379,006
Total Net Position - Beginning	2,073,572	2,058,658	4,132,230
Total Net Position - Ending	$ 2,331,546	$ 7,179,690	$ 9,511,236

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 30,198,239
Cash payments to employees for services	(332,832)
Cash payments to suppliers for goods and services	(25,327,060)
Cash payments for other operating expenses	(16,263)
Net Cash Provided by Operating Activities	4,522,084
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	260,071
Net Increase in Cash and Cash Equivalents	4,782,155
Cash and Cash Equivalents - Beginning	11,852,705
Cash and Cash Equivalents - Ending	$ 16,634,860
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 5,118,935
Changes in assets and liabilities:	
Receivables	4,369
Due from other funds	3,019
Accounts payable	(506,274)
Prepaids	(137,239)
Due to other funds	1,817
Unearned revenue	37,457
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,522,084

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Associated Student Bodies	Foundation Special Reserve	Total Fiduciary Funds
ASSETS			
Deposits and investments	$ 1,444,410	$ 18,675	$ 1,463,085
Receivables	32,938	267	33,205
Prepaid expenditures	53,743	-	53,743
Stores inventory	197,186	-	197,186
Total Assets	$ 1,728,277	$ 18,942	$ 1,747,219
LIABILITIES			
Unearned revenue	$ -	$ 16,091	$ 16,091
Due to student groups	1,728,277	-	1,728,277
Total Liabilities	$ 1,728,277	16,091	1,744,368
NET POSITION			
Held in trust for scholarships		$ 2,851	$ 2,851

The accompanying notes are an integral part of these financial statements.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Foundation Special Reserve
ADDITIONS	
Private donations	$ 14,483
Interest	661
Total Additions	15,144
DEDUCTIONS	
Other expenditures	14,483
Change in Net Position	661
Net Position - Beginning	2,190
Net Position - Ending	$ 2,851

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Conejo Valley Unified School District (the District) was unified on July 1, 1974, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates seventeen elementary schools, five middle schools, three high schools, a continuation high school, an adult education program, an alternative education site, and a preschool program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Conejo Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or assigned for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582)

Capital Project Funds The Capital Project funds are used to account for and report financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects is used to account for funds set aside for Board designated construction projects.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has no enterprise funds.

Internal Service Fund Internal service funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health and welfare benefits program that are accounted for in internal service funds.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's trust funds account for accumulation of resources for the payment of scholarships within the Foundation Special Reserve activities. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when the District receives resources prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county investment pool are determined by the program sponsor.

Prepaid (Expenses)/ Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The District has chosen to report the expenditures when paid.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 40 years; improvements/infrastructure, 5 to 40 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension and OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

In 2018-2019, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements reports $24,714,007 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charged to other funds for self-insurance. Operating expenses are necessary cost incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received. Due to the timing and nature of property tax collections, the District enters into a TRAN agreement to borrow for cash flow purposes.

Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$ 101,033,085
Fiduciary funds	1,463,085
Total Deposits and Investments	$ 102,496,170

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	$ 1,458,810
Cash in revolving	515,048
Investments	100,522,312
Total Deposits and Investments	$ 102,496,170

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Ventura County Investment Pool.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Weighted Average Days to Maturity
Ventura County Investment Pool	$ 100,522,312	192

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Minimum Legal Rating	Rating June 30, 2019	Reported Amount
Ventura County Investment Pool	Not Required	AAAf/S1+	$ 100,522,312

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District had a bank balance of $1,846,424 exposed to custodial credit risk.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 **-** Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 **-** Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 **-** Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Ventura County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Uncategorized
Ventura County Investment Pool	$ 100,522,312	$ 100,522,312

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal Government							
Categorical aid	$ 3,952,190	$ -	$ -	$ 500,653	$ -	$ 4,452,843	$ -
State Government							
Categorical aid	723,862	-	-	172,096	-	895,958	-
Lottery	819,413	-	-	-	-	819,413	-
Local Government							
Interest	649,045	327,835	106,951	128,612	126,667	1,339,110	267
Other Local Sources	1,599,327	-	-	1,152,290	291,987	3,043,604	32,938
Total	$ 7,743,837	$ 327,835	$ 106,951	$ 1,953,651	$ 418,654	$ 10,550,928	$ 33,205

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 20,589,547	$ -	$ -	$ 20,589,547
Construction in Progress	16,251,097	11,180,135	7,566,396	19,864,836
Total Capital Assets Not Being Depreciated	36,840,644	11,180,135	7,566,396	40,454,383
Capital Assets Being Depreciated:				
Land Improvements	21,663,010	2,425,088	-	24,088,098
Buildings and Improvements	199,064,657	10,356,013	-	209,420,670
Furniture and Equipment	9,039,664	1,730,012	30,826	10,738,850
Total Capital Assets Being Depreciated	229,767,331	14,511,113	30,826	244,247,618
Total Capital Assets	266,607,975	25,691,248	7,597,222	284,702,001
Less Accumulated Depreciation:				
Land Improvements	10,134,961	1,075,197	-	11,210,158
Buildings and Improvements	124,847,511	6,288,004	-	131,135,515
Furniture and Equipment	5,444,050	1,133,420	5,667	6,571,803
Total Accumulated Depreciation	140,426,522	8,496,621	5,667	148,917,476
Governmental Activities Capital Assets, Net	$ 126,181,453	$ 17,194,627	$ 7,591,555	$ 135,784,525

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 8,114,273
Food services	42,483
Data processing	254,899
All other administration	42,483
Plant services	42,483
Total Depreciation Expenses Governmental Activities	$ 8,496,621

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds, and internal service funds, are as follows:

	Due From				
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
General Fund	$ -	$ 63	$ 920,362	$ 9,880	$ 930,305
Non-Major Governmental Funds	353,348	-	2,050	1,226	356,624
Internal Service Funds	10,904	-	-	-	10,904
Total	$ 364,252	$ 63	$ 922,412	$ 11,106	$ 1,297,833

A balance of $331,231 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for a balance contribution.

A balance of $484,226 is due to the General Fund from the Child Development Non-Major Governmental Fund for indirect costs and facility usage.

A balance of $415,967 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs and facility usage.

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfer To	Transfer From General Fund
Non-Major Governmental Funds	$ 371,321
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to alleviate current year deficit.	$ 331,321
The General Fund transferred to the Adult Non-Major Governmental Fund for contribution for the adult program.	40,000
Total	$ 371,321

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Vendor payables	$ 3,367,550	$ -	$ 644,842	$ 183,002	$ 4,195,394
State principal apportionment	5,694,723	-	-	-	5,694,723
Salaries and benefits	17,433	-	-	-	17,433
Construction	-	1,714,326	-	-	1,714,326
Total	$ 9,079,706	$ 1,714,326	$ 644,842	$ 183,002	$ 11,621,876

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Federal financial assistance	$ 65,684	$ -	$ -	$ 65,684	$ -
State categorical aid	101,618	-	-	101,618	-
Other local	703,523	572,051	44,280	1,319,854	16,091
Total	$ 870,825	$ 572,051	$ 44,280	$ 1,487,156	$ 16,091

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 12, 2018, the District issued $25,185,000 of Tax and Revenue Anticipation Notes bearing interest at 3.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 29, 2019. By June 2019, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2018	Additions	Deletions	Outstanding June 30, 2019
7/12/2018	3.00%	6/29/2019	$ -	$ 25,185,000	$ 25,185,000	$ -

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 105,421,768	$ 1,606,704	$ 7,155,000	$ 99,873,472	$ 7,335,000
Premium on issuance	6,934,467	-	696,137	6,238,330	-
Capital leases	-	-	-	-	-
Compensated absences (vacations)	667,384	37,883	-	705,267	-
Claims Liabilities (IBNR)	5,291,084	-	64,553	5,226,531	-
Net other postemployment benefits (OPEB) liabilities	20,875,162	1,166,310	94,868	21,946,604	-
	$ 139,189,865	$ 2,810,897	$ 8,010,558	$ 133,990,204	$ 7,335,000

- Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues.
- The compensated absences will be paid by the fund for which the employee worked.
- The claims liabilities are paid by the Internal Service Fund.
- The postemployment benefits are paid by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Additions/ Accreted Interest	Redeemed	Bonds Outstanding June 30, 2019
12/6/2012	8/1/2019	2.50-4.50%	$17,220,000	$ 14,490,000	$ -	$7,155,000	$ 7,335,000
6/25/2015	8/1/2030	2.78-5.56%	$37,199,279	40,931,768	1,606,704	-	42,538,472
6/12/2018	8/1/2033	3.125-5.00%	$50,000,000	50,000,000	-	-	50,000,000
				$105,421,768	$1,606,704	$7,155,000	$ 99,873,472

Debt Service Requirements to Maturity

The payments are as follows:

	Current Interest Bonds		Capital Appreciation Bonds		
Fiscal Year	Principal	Interest	Principal Including Accreted Interest	Future Interest Accretion	Total
2020	$ 7,335,000	$ 2,454,026	$ -	$ -	$ 9,789,026
2021	4,450,000	2,069,500	4,142,992	407,008	11,069,500
2022	4,000,000	1,858,250	4,396,120	338,880	10,593,250
2023	1,175,000	1,734,750	4,110,703	479,297	7,499,750
2024	1,345,000	1,684,350	4,106,482	668,518	7,804,350
2025-2029	12,420,000	7,128,425	18,779,200	6,710,800	45,038,425
2030-2034	26,610,000	3,031,250	7,002,975	4,527,025	41,171,250
Total	$ 57,335,000	$ 19,960,551	$ 42,538,472	$ 13,131,528	$ 132,965,551

General Obligation Bonds

2012 General Obligation Refunding Bonds	
In December 2012, the District issued $17,220,000 of the 2012 General Obligation Refunding Bonds. The bonds mature on August 1, 2019, with interest yields ranging from 2.50 to 4.50 percent. The proceeds from the sale of the bonds were used to refund the outstanding General Obligation Bonds, Election of 1998, Series A and D.	$ 7,335,000
2014 General Obligation Bonds, Series A	
In June 2015, the District issued $37,199,279 principal amount of the General Obligation Bonds Election of 2014, Series A. The Bonds were issued as capital appreciation bonds, with the capital bond principal accreting interest to a maturity value of $55,670,000. The bonds mature through August 1, 2030, with interest rates from 2.78 to 5.56 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds.	42,538,472
2014 General Obligation Bonds, Series B	
In June 2018, the District issued $50,000,000 principal amount of the General Obligation Bonds Election of 2014, Series B. The bonds mature through August 1, 2033, with interest rates from 3.12 to 5.00 percent. Proceeds from the sale of the bonds were used to finance specific construction and modernization projects approved by the voters and pay costs of issuance of the bonds.	50,000,000
Subtotal bonds outstanding	99,873,472
Premium on 2012 General Obligation Refunding Bonds	292,946
Premium on 2014 General Obligation Refunding Bonds, Series A	409,944
Premium on 2014 General Obligation Bonds, Series B	5,535,440
Subtotal premium on bonds	6,238,330
Total	$ 106,111,802

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $705,267.

Claims Liability

The District has an outstanding long-term obligation for incurred, but not reported, claims for the District's Internal Service Fund in the amount of $5,226,531.

Net Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 20,792,012	$ 446,567	$ 100,524	$ 694,612
Medicare Premium Payment (MPP) Program	1,154,592	-	-	(94,868)
Total	$ 21,946,604	$ 446,567	$ 100,524	$ 599,744

The details of each plan are as follows:

<u>District Plan</u>

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75.

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	65
Active employees	1,249
	1,314

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Conejo Valley Pupil Personnel Association (CVPPA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, CVPPA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District contributed $960,953 to the Plan which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $20,792,012 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.15 percent
Health care cost trend rates	6.00 percent for 2019

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 19,625,702
Service cost	$ 890,144
Interest	701,238
Changes of assumptions or other inputs	535,881
Benefit payments	(960,953)
Net change in total OPEB liability	1,166,310
Balance at June 30, 2019	$ 20,792,012

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2018 to 3.15 percent in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.15%)	$ 22,407,888
Current discount rate (3.15%)	20,792,012
1% increase (4.15%)	19,301,625

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (5.00%)	$ 18,487,083
Current healthcare cost trend rate (6.00%)	20,792,012
1% increase (7.00%)	23,453,101

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $694,612. At June 30, 2019, the District reported deferred inflows of resources changes of assumptions of $100,524 and deferred outflows of resources changes of assumptions of $446,567.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 446,567	$ 100,524

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 64,183
2021	64,183
2022	64,183
2023	64,183
2024	89,311
	$ 346,043

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liabilities and OPEB Expense

At June 30, 2019, the District reported a liability of $1,154,592 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.3016 percent, and 0.2970 percent, resulting in a net increase in the proportionate share of 0.0046 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(94,868).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 1,277,037
Current discount rate (3.87%)	1,154,592
1% increase (4.87%)	1,044,034

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 1,052,872
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,154,592
1% increase (4.7% Part A and 5.1% Part B)	1,263,991

NOTE 11 - FUND BALANCES

Fund balances at June 30, 2019, are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 40,300	$ -	$ -	$ -	$ 40,300
Stores inventories	155,414	-	-	136,779	292,193
Prepaid expenditures	30,346	-	-	5,797	36,143
Other reserves	-	-	-	-	-
Total Nonspendable	226,060	-	-	142,576	368,636
Restricted					
Legally restricted programs	1,017,093	-	-	758,549	1,775,642
Capital projects	-	29,358,626	-	1,652,853	31,011,479
Debt services	-	-	12,910,652	-	12,910,652
Total Restricted	1,017,093	29,358,626	12,910,652	2,411,402	45,697,773
Committed					
Deferred maintenance program	-	-	-	1,684,172	1,684,172
Stabilization arragement	3,000,000	-	-	-	3,000,000
Total Committed	3,000,000	-	-	1,684,172	4,684,172
Assigned					
Capital projects	-	-	-	7,030,452	7,030,452
Other assigned	-	-	-	373,092	373,092
Total Assigned	-	-	-	7,403,544	7,403,544
Unassigned					
Reserve for economic uncertainties	5,854,856	-	-	-	5,854,856
Remaining unassigned	17,968,306	-	-	-	17,968,306
Total Unassigned	23,823,162	-	-	-	23,823,162
Total	$ 28,066,315	$ 29,358,626	$ 12,910,652	$ 11,641,694	$ 81,977,287

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, the District participates in the Ventura County Schools Self-Funding Authority (VCSSFA) for property and liability insurance coverage. See Note 16 for more information on the VCSSFA. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation and Employee Medical Benefits

The District's workers' compensation and health and welfare benefits are recorded in the Internal Service Funds. The purpose of the fund is to administer workers' compensation, and employee medical benefit claims. The District has obtained insurance coverage that will cover claims within the following ranges to supplement its self-insurance program:

Workers' Compensation	$650,000 per claim up to statutory limits
Medical and prescription drugs	$260,000 per contract period per person

Claims Liabilities

The District records an estimated liability for workers' compensation, and health and welfare benefits claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2019:

	Workers' Compensation	Health Care	Total
Liability Balance, July 1, 2017	$ 5,153,704	$ 2,046,389	$ 7,200,093
Claims and changes in estimates	(1,295,092)	(11,057,540)	(12,352,632)
Claims payments	1,547,032	11,057,540	12,604,572
Liability Balance, June 30, 2018	5,405,644	2,046,389	7,452,033
Claims and changes in estimates	(1,611,585)	(10,853,675)	(12,465,260)
Claims payments	1,611,585	10,853,675	12,465,260
Liability Balance, June 30, 2019	$ 5,405,644	$ 2,046,389	$ 7,452,033
Assets available to pay claims at June 30, 2019	$ 7,759,250	$ 9,442,407	$ 17,201,657

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 154,454,759	$ 47,593,874	$ 18,403,970	$ 18,363,240
CalSTRS	52,491,786	14,177,032	938,619	9,423,466
Total	$ 206,946,545	$ 61,770,906	$ 19,342,589	$ 27,786,706

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $14,944,186.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of the net pension liability	$ 154,454,759
State's proportionate share of the net pension liability associated with the District	88,432,573
Total	$ 242,887,332

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.1681 percent and 0.1640 percent, resulting in a net increase in the proportionate share of 0.0041 percent.

For the year ended June 30, 2019, the District recognized pension expense of $18,363,240. In addition, the District recognized pension expense and revenue of $10,388,833 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,944,186	$ -
Net change in proportionate share of net pension liability	8,175,767	10,212,945
Difference between projected and actual earnings on pension plan investments	-	5,947,484
Difference between expected and actual experiences in the measurement of the total pension liability	478,958	2,243,541
Changes of assumptions	23,994,963	-
Total	$ 47,593,874	$ 18,403,970

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 1,291,367
2021	(937,049)
2022	(4,989,708)
2023	(1,312,094)
Total	$ (5,947,484)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 4,349,986
2021	4,349,986
2022	4,349,983
2023	2,847,025
2024	3,865,733
Thereafter	430,489
Total	$ 20,193,202

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 226,258,147
Current discount rate (7.10%)	154,454,759
1% increase (8.10%)	94,922,782

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $5,013,714.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $52,491,786. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was .1969 percent and .1965 percent, resulting in a net increase in the proportionate share of .0004 percent.

For the year ended June 30, 2019, the District recognized pension expense of $9,423,466. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,013,714	$ -
Net change in proportionate share of net pension liability	50,523	938,619
Difference between projected and actual earnings on pension plan investments	430,552	-
Difference between expected and actual experiences in the measurement of the total pension liability	3,441,169	-
Changes of assumptions	5,241,074	-
Total	$ 14,177,032	$ 938,619

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 1,566,007
2021	374,497
2022	(1,200,123)
2023	(309,829)
Total	$ 430,552

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2020	$ 3,404,577
2021	3,239,267
2022	1,150,303
Total	$ 7,794,147

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed Income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 76,425,530
Current discount rate (7.15%)	52,491,786
1% increase (8.15%)	32,635,319

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amount of $14,098,708 and $1,779,706 (9.828 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule.*

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employees are calculated according to Federal law.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Ventura County Schools Self-Funding Authority (VCSSFA) public entity risk pool. The District pays an annual premium to the VCSSFA for its property liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. Audited financial statements are generally available from the respective entity.

During the year ended June 30, 2019, the District made payments of $1,494,995 to VCSSFA for services received.

NOTE 16 - SUBSEQUENT EVENTS

The District issued $19,985,000 of Tax and Revenue Anticipation Notes dated July 11, 2019. The notes mature on June 28, 2020, and yield 3.00 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 1, 2020, until 100 percent of principal and interest due is on account in June 1, 2020.

Required Supplementary Information

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
REVENUES				
Local Control Funding Formula	$ 161,048,421	$ 162,280,367	$ 162,276,264	$ (4,103)
Federal sources	5,283,118	6,240,060	5,909,816	(330,244)
Other State sources	12,637,933	11,274,345	27,850,045	16,575,700
Other local sources	11,485,773	15,152,195	17,789,276	2,637,081
Total Revenues [1]	190,455,245	194,946,967	213,825,401	18,878,434
EXPENDITURES				
Current				
Certificated salaries	91,901,030	92,227,439	92,219,428	8,011
Classified salaries	25,552,106	26,316,873	27,466,696	(1,149,823)
Employee benefits	48,375,803	48,195,611	63,156,629	(14,961,018)
Books and supplies	8,493,330	12,156,303	6,152,878	6,003,425
Services and operating expenditures	16,531,551	18,890,380	18,952,018	(61,638)
Capital outlay	170,000	301,230	1,238,101	(936,871)
Other outgo	1,651,295	1,589,921	1,483,195	106,726
Total Expenditures [1]	192,675,115	199,677,757	210,668,945	(10,991,188)
Excess (Deficiency) of Revenues Over Expenditures	(2,219,870)	(4,730,790)	3,156,456	7,887,246
Other Financing Uses				
Transfers out	(40,000)	(40,000)	(371,321)	(331,321)
NET CHANGE IN FUND BALANCES	(2,259,870)	(4,770,790)	2,785,135	7,555,925
Fund Balance - Beginning	25,281,180	25,281,180	25,281,180	-
Fund Balance - Ending	$ 23,021,310	$ 20,510,390	$ 28,066,315	$ 7,555,925

[1] On behalf payments of $15,878,414 related to Senate Bill 90 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 890,144	$ 875,523
Interest	701,238	665,125
Changes of assumptions	535,881	(150,786)
Benefit payments	(960,953)	(902,303)
Net change in total OPEB liability	1,166,310	487,559
Total OPEB liability - beginning	19,625,702	19,138,143
Total OPEB liability - ending	$ 20,792,012	$ 19,625,702
Covered-employee payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered-employee payroll	N/A[1]	N/A[1]

[1] The District's OPEB Plan is not administered through a trust, and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the Future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY-MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,[1]	2019	2018
District's proportion of the net OPEB liability	0.3016%	0.2970%
District's proportionate share of the net OPEB liability	$1,154,592	$1,249,460
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
District's proportion of the net pension liability	0.1681%	0.1640%	0.1774%
District's proportionate share of the net pension liability	$ 154,454,759	$ 151,708,002	$ 143,493,298
State's proportionate share of the net pension liability associated with the District	88,432,573	89,749,173	81,688,175
Total	$ 242,887,332	$ 241,457,175	$ 225,181,473
District's covered - employee payroll	$ 90,142,821	$ 93,456,717	$ 89,038,518
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	171.34%	162.33%	161.16%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%
CalPERS			
District's proportion of the net pension liability	0.1969%	0.1965%	0.2078%
District's proportionate share of the net pension liability	$ 52,491,786	$ 46,913,403	$ 41,048,095
District's covered - employee payroll	$ 26,081,456	$ 25,000,922	$ 24,923,846
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	201.26%	187.65%	164.69%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%

Note : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016	2015
0.1843%	0.1668%
$ 124,086,834	$ 97,490,415
65,628,256	58,868,922
$ 189,715,090	$ 156,359,337
$ 74,835,450	$ 74,967,115
165.81%	130.04%
74%	77%
0.2083%	0.2130%
$ 30,704,191	$ 24,184,962
$ 22,722,345	$ 22,059,972
135.13%	109.63%
79%	83%

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
CalSTRS			
Contractually required contribution	$ 14,944,186	$ 13,007,609	$ 11,756,855
Contributions in relation to the contractually required contribution	14,944,186	13,007,609	11,756,855
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 91,794,754	$ 90,142,821	$ 93,456,717
Contributions as a percentage of covered - employee payroll	16.28%	14.43%	12.58%
CalPERS			
Contractually required contribution	$ 5,013,714	$ 4,050,711	$ 3,472,628
Contributions in relation to the contractually required contribution	5,013,714	4,050,711	3,472,628
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 27,758,355	$ 26,081,456	$ 25,000,922
Contributions as a percentage of covered - employee payroll	18.06%	15.53%	13.89%

Note : In the future, as data become available, ten years of information will be presented.

2016	2015
$ 9,553,833	$ 6,645,388
9,553,833	6,645,388
$ -	$ -
$ 89,038,518	$ 74,835,450
10.73%	8.88%
$ 2,952,728	$ 2,674,420
2,952,728	2,674,420
$ -	$ -
$ 24,923,846	$ 22,722,345
11.85%	11.77%

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the following District's major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	$ 199,717,757	$ 211,040,266	$ 11,322,509

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances. In the future, as data becomes available, ten years of information will be presented.

***Change in benefit terms* –** There were no changes in the benefit terms since the previous valuation.

***Change of assumptions* –** Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent to 3.15 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

Changes in Benefits Terms – There were no changes in the benefits terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

***Changes in Benefit Terms* –** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Changes of Assumptions* –** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States:			
Adult Basic Education - Adult Basic Education and ESL	84.002A	14508	$ 154,979
Adult Basic Education - Adult Secondary	84.002	13978	28,050
Adult Basic Education - English Literacy and Civics Education	84.002A	14109	76,874
Total Adult Education - Basic Grants to States			259,903
Carl D. Perkins Vocational and Technical Education Act Secondary Education	84.048	14894	97,719
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	1,681,418
Title II, Part A - Supporting Effective Instruction	84.367	14341	464,712
Title III Program			
Title III - Immigrant Student Program	84.365	15146	76,437
Title III - English Learner Student Program	84.365	14346	101,989
Total Title III Program			178,426
Passed through Ventura County Special Education Local Plan Area:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,425,634
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	61,908
Preschool Local Entitlement, Part B, Section 611 (Age 3-4-5)	84.027A	13682	-
Total Special Education (IDEA) Cluster			3,487,542
Total U.S. Department of Education			6,169,720
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
Basic School Breakfast Program	10.553	13390	7,961
Especially Needy Breakfast	10.553	13526	312,457
National School Lunch Program	10.555	13391	1,687,419
Food Distribution	10.555	13524	137,117
Summer Food Service Program	10.559	13004	22,754
Meal Supplement	10.555	13396	19,520
Total Child Nutrition Cluster			2,187,228
Total Federal Programs			$ 8,356,948

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Conejo Valley Unified School District was established on July 1, 1974, and consists of an area comprising approximately 139 square miles. The District operates 17 elementary schools, five middle schools, three high schools, a continuation high school, and an adult education program, an alternate education site, and a preschool program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Betsy Connolly	President	November 2020
Cindy Goldberg	Vice President	November 2022
Bill Gorback	Clerk	November 2022
Sandee Everett	Member	November 2020
Jenny Fitzgerald	Member	November 2022

ADMINISTRATION

Mark W. McLaughlin, Ed.D.	Superintendent
Victor P. Hayek, Ed.D.	Deputy Superintendent, Business Services
Luis Lichtl	Assistant Superintendent, Instructional Services
Jeanne Valentine	Assistant Superintendent, Personnel Services
Lisa A. Miller	Assistant Superintendent, Student Support Services

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,544.52	4,551.42
Fourth through sixth	3,642.31	3,640.83
Seventh and eighth	2,799.61	2,797.89
Ninth through twelfth	6,722.35	6,703.17
Total Regular ADA	17,708.79	17,693.31
Extended Year Special Education		
Transitional kindergarten through third	7.20	7.20
Fourth through sixth	4.04	4.04
Seventh and eighth	2.10	2.10
Ninth through twelfth	1.46	1.46
Total Extended Year Special Education	14.80	14.80
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.06	0.04
Fourth through sixth	0.52	0.63
Seventh and eighth	4.62	4.42
Ninth through twelfth	8.55	11.89
Total Special Education, Nonpublic, Nonsectarian Schools	13.75	16.98
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	2.10	2.10
Ninth through twelfth	1.46	1.46
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	3.56	3.56
Total ADA	17,740.90	17,728.65

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	46,350	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,670	180	N/A	Complied
Grade 2		50,670	180	N/A	Complied
Grade 3		50,670	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,150	180	N/A	Complied
Grade 5		54,150	180	N/A	Complied
Grade 6		56,330	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,330	180	N/A	Complied
Grade 8		56,426	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,860	180	N/A	Complied
Grade 10		64,860	180	N/A	Complied
Grade 11		64,860	180	N/A	Complied
Grade 12		64,860	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND				
Revenues	$ 188,311,667	$ 213,825,401	$ 194,729,512	$ 195,026,560
Other sources and transfers in	-	-	-	67,414
Total Revenues and Other Sources	188,311,667	213,825,401	194,729,512	195,093,974
Expenditures	195,132,440	210,668,945	194,599,234	189,644,769
Other uses and transfers out	40,000	371,321	2,418,321	5,000
Total Expenditures and Other Uses	195,172,440	211,040,266	197,017,555	189,649,769
Increase(decrease) in Fund Balance	$ (6,860,773)	$ 2,785,135	$ (2,288,043)	$ 5,444,205
Ending Fund Balance	$ 21,205,542	$ 28,066,315	$ 25,281,180	$ 27,569,223
Available Reserves [2]	$ 20,188,449	$ 23,823,162	$ 21,485,538	$ 20,104,670
Available reserves as a percentage of total outgo	10.34%	12.21%	10.91%	10.60%
Long-term obligations [3]	N/A	$ 133,990,204	$ 139,189,865	$ 91,884,411
K-12 Average daily attendance at P-2	17,651	17,741	18,057	18,310

The General Fund balance has increased by $497,092 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $6,860,773 (24.44 percent). For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by $42,105,793 over the past two years.

Average daily attendance has decreased by 569 over the past two years. An additional decline of 90 ADA is anticipated during fiscal year 2019-2020.

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1 Budget 2020 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

3 On behalf payments of $15,878,414 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	$ 765,825	$ 400,407	$ 15,302	$ 1,587,415
Receivables	372,391	710,350	547,220	77,731
Due from other funds	4,226	-	333,372	19,026
Prepaid expenditures	-	5,797	-	-
Stores inventories	-	-	136,779	-
Total Assets	$ 1,142,442	$ 1,116,554	$ 1,032,673	$ 1,684,172
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 105,223	$ 113,280	$ 304,557	$ -
Due to other funds	20,098	486,276	415,967	-
Unearned revenue	139,234	257,447	175,370	-
Total Liabilities	264,555	857,003	895,894	-
Fund Balances:				
Nonspendable	-	5,797	136,779	-
Restricted	504,795	253,754	-	-
Committed	-	-	-	1,684,172
Assigned	373,092	-	-	-
Total Fund Balances	877,887	259,551	136,779	1,684,172
Total Liabilities and Fund Balances	$ 1,142,442	$ 1,116,554	$ 1,032,673	$ 1,684,172

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
$ 1,513,764	$ 7,045,435	$ 11,328,148
182,977	62,982	1,953,651
-	-	356,624
-	-	5,797
-	-	136,779
$ 1,696,741	$ 7,108,417	$ 13,780,999
$ 43,888	$ 77,894	$ 644,842
-	71	922,412
-	-	572,051
43,888	77,965	2,139,305
-	-	142,576
1,652,853	-	2,411,402
-	-	1,684,172
-	7,030,452	7,403,544
1,652,853	7,030,452	11,641,694
$ 1,696,741	$ 7,108,417	$ 13,780,999

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES				
Federal sources	259,903	-	2,187,229	$ -
Other State sources	1,412,050	724,233	149,666	-
Other local sources	2,155,783	6,656,950	2,115,932	302,628
Total Revenues	3,827,736	7,381,183	4,452,827	302,628
EXPENDITURES				
Current				
Instruction	2,538,425	-	-	-
Instruction-related activities:				
School site administration	632,136	-	-	-
Pupil services:				
Food services	-	-	4,740,123	-
All other pupil services	46,464	-	-	-
Administration:				
All other administration	153,267	410,587	-	-
Plant services	219,447	21,106	-	-
Facility acquisition and construction	-	-	-	254,375
Community services	-	1,039,775	-	-
Enterprise services	-	5,650,164	-	-
Total Expenditures	3,589,739	7,121,632	4,740,123	254,375
Excess (Deficiency) of Revenues Over Expenditures	237,997	259,551	(287,296)	48,253
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	-	331,321	-
Net Financing Sources (Uses)	40,000	-	331,321	-
NET CHANGE IN FUND BALANCES	277,997	259,551	44,025	48,253
Fund Balances - Beginning	599,890	-	92,754	1,635,919
Fund Balances - Ending	$ 877,887	$ 259,551	$ 136,779	$ 1,684,172

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
-	-	2,447,132
-	-	2,285,949
1,054,425	1,628,220	13,913,938
1,054,425	1,628,220	18,647,019
-	-	2,538,425
-	-	632,136
-	-	4,740,123
-	-	46,464
97,719	-	661,573
-	-	240,553
537,985	607,168	1,399,528
-	-	1,039,775
-	-	5,650,164
635,704	607,168	16,948,741
418,721	1,021,052	1,698,278
-	-	371,321
-	-	371,321
418,721	1,021,052	2,069,599
1,234,132	6,009,400	9,572,095
$ 1,652,853	$ 7,030,452	$ 11,641,694

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Non-Major Governmental Funds - Combining Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejo Valley Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Conejo Valley Unified School District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Conejo Valley Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Conejo Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conejo Valley Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Conejo Valley Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Conejo Valley Unified School District in a separate letter dated December 13, 2019.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on Compliance for Each Major Federal Program

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Conejo Valley Unified School District's major Federal programs for the year ended June 30, 2019. Conejo Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Conejo Valley Unified School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Conejo Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Conejo Valley Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Conejo Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Conejo Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Conejo Valley Unified School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2019

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Conejo Valley Unified School District
Thousand Oaks, California

Report on State Compliance

We have audited Conejo Valley Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Conejo Valley Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Conejo Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Conejo Valley Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Conejo Valley Unified School District's compliance with those requirements.

Basis for Qualified Opinion on Instructional Materials

As described in the accompanying schedule of findings and questioned costs, Conejo Valley Unified School District did not comply with requirements regarding Instructional Materials, finding 2019-001. Compliance with such requirements is necessary, in our opinion, for Conejo Valley Unified School District to comply with the requirements applicable to that program.

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Qualified Opinion on Instructional Materials

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Conejo Valley Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Conejo Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Conejo Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing for Independent Study because ADA was below the threshold required for testing.

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the After/Before School Education and Safety Program.

The District does not offer an Independent Study-Course Based Program; therefore, we did not perform any procedures related to the Independent Study-Course Based Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2019

Schedule of Findings and Questioned Costs

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of Federal major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A - Basic Grants Low Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

Unmodified for all State programs except for the following State program which was qualified:

Name of State Program
Instructional Materials

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

The following findings represent instances of noncompliance relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
70000	Instructional Materials

2019-001

Code
70000

Criteria or Specific Requirements
A Public hearing is required by Education Code section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or COE having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition
The District is required to hold a public hearing on or before the end of the eighth week from the first day pupils attended school for the year. The District held the public hearing on November 6, 2018 which was 25 days after the deadline of October 12, 2018.

Context
The District did not hold a public hearing within the time frame required.

Effect
As a result of our testing, the District was not compliant with Education Code section 60119 for the 2018-2019 fiscal year since the District did not hold the public hearing in a timely manner.

Cause
The District did not monitor the date to ensure it was performed within the required time frame.

Recommendation
It is recommended that the District implement procedures to ensure that the public hearing is performed in the time frame as noted in the above referenced Education Code.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Management
Conejo Valley Unified School District
Thousand Oaks, California

In planning and performing our audit of the financial statements of Conejo Valley Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2019, on the government-wide financial statements of the District.

CONSOLIDATED ASB OVERVATIONS AND RECOMMENDATIONS

LOS CERRITOS MIDDLE SCHOOL

ASB – NSF Check Receivable

Observation

In reviewing the sites balance sheet the auditor noted “Non Sufficient Funds (NSF) Receivables”. This account contains checks that did not clear the bank and the fees associated with it. The amount noted is approximately two years old making the probability of them collecting on the account quite low.

Recommendation

Outstanding NSF Receivables checks over 1 year old should be written off the balance sheet as the chances are low the check may be collected.

SEQUOIA MIDDLE SCHOOL

Associated Student Body – Fundraiser Approvals

Observation

During the testing of revenue potentials for fundraisers, auditor noted that the only fundraiser performed during the year is not being approved or documented in the minutes and is incomplete as suggested in the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, actual revenue, and should be approved in the ASB minutes. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

1. Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
2. Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
3. Analysis-This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
4. Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Also, the revenue potential form should be approved in the ASB student council minutes, to ensure the club is appropriate and approved.

COLINA MIDDLE SCHOOL

Cash Disbursements - General

Observation

In reviewing the cash disbursement procedures at the site, we noted the following deficiencies:

- Check requests contain only two of the three required approval signatures.
    - (Checks: 8853, 8858, 8872, 8877, 8880, 8890, 8904, 8911, and 9001)

- Check 8858 was not approved in the minutes

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise.

NEWBURY PARK HIGH SCHOOL

Cash Disbursements - Documentation

Observation

14 of 25 disbursement's purchase request form were not dated. Therefore unable to verify if signing was done before purchase made. By initialing or signing an invoice, the bookkeeper knows that all the merchandise was received prior to paying for the order. The disbursements noted are as follows:

- The following checks did not indicate date of approval: 47179, 47195, 47197, 47440, 47479, 47496, 47504, 47513, 47580, 47585, 47629,47846, 47863, and 47895
- The following checks did not have the three signatures: 47496, 47504, and 47629

Recommendation

The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference.* The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body

CASH RECEIPTS OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION

In our review of the reconciliation of the District's cash accounts and the year end allocations of these monies to the various funds, we noted that there were unreconciled differences in several funds.

RECOMMENDATION

The difference should be investigated and appropriate action taken to bring the cash accounts balance in balance with the year end accounting record amount.

OBSERVATION

In our review the District's Child Care Bank account at year end was not reconciled.

RECOMMENDATION

Appropriate action should be taken to reconcile the Child Care Bank Account monthly and to reconcile the account balance for year end.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, CA,
December 13, 2019